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Some Problems Of Turkish Investments In Kazakhstan (The Example Of Turkish Firms In Almaty)

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Abstract

Today, Turkey is one of the leaders in the field of investment in Kazakhstan. As stated by the President of the Republic of Kazakhstan Nursultan Nazarbayev recent visit to Turkey, "Turkey and Kazakhstan turnover should reach 1mln. Dollars." In Kazakhstan, Turkish companies are working in the service industry, health care, construction, as well as in education. Increased amounts of them are in Almaty. 152 Turkish firms were selected by using sampling methods and face-to-face questionnaire were carried out to collect data for the research purposes. The findings of the study show that the majority of Turkish firms operating in Kazakhstan were set up by Turkish capital; the proportion of the firms which made investment around 1,000,000 \$ and above is high; the number of local employees in the firms is larger than their training needs are high; and Turkish firms face a severe foreigners; competition from the local and foreign companies.

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1. Introduction

Since the late 1980s, the world experienced in event of rapid globalization. Developments in the countries of the internal communication and communication technologies abolish the obstacles and constraints they put on all the markets, the markets was the glue. Globalization, trade liberalization rather, we can say the multinational corporations, the globalization of production production, transport and financial markets by the outside world countries has emerged in the form of liberalization (Seyidoğlu, 2001).

Today, so-called transformation process from the beginning of the 1990's has accelerated the disintegration

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of the Soviet Union. This process, namely the market transition economy was thought to be a very easy and fast. However, centrally planned economy to a market economy, and systems to take accordingly, that there are differences between countries, working to restructure there is no easy and quick transformation, and contrary to expectations, painful or even the last ten-year period clearly showed that (EBRD, 1999).

In general, when we consider the process of transformation countries, Central and East European countries and the Baltic Republics, the reform implemented movements of a candidate for full membership to the European Union to reach they are successful, but the transformation implemented by the Turkish Republics We see the program by showing the expected success. Transformation characteristics that are similar to each other due to the process of other countries living in differences in the countries in which they stated (Gros, D. Suhrcke, M., 2000).

In fact, according to a German study in 1989, today's Independent Commonwealth of States (CIS) member states, economic conditions, and potentials, 10 points were as follows. Industrialization 8 as the degree of Russia, Ukraine and Belarus 8 points 9, while 5 of Kazakhstan, Uzbekistan and Azerbaijan 3, Turkmenistan and Kyrgyzstan Scored 1 each. The production of industrial goods, the degree of self-sufficiency Russia in terms of 8, 9 and Belarus 8 points, while Ukraine, Kazakhstan 5, Uzbekistan and Azerbaijan 2, while other Turkish Republics, 1 each scored (Carikci, 1995: article no: 2830).

2. Trade and Economic Relations of Turkey and Kazakhstan

Turkey, Kazakhstan declared independence on December 16, 1991 and was the first country that recognized the same day. Diplomatic on March 2, 1992 relationships have been established, and the Embassy of April 18, 1992 was established as (SPO-8.BYKP, 2000: 32).

On the other hand Turkey, Kazakhstan's independence from the various and also comprising areas between the two countries economic and commercial relationships that make up the legal infrastructure close to 100 cooperation agreements and signed a protocol (TC Embassy in Almaty, 2002).

Following these agreements, since 1993 Turkey, Turkish Republics Eximbank loan of about \$ 1.1 billion through the Turkish Eximbank opened. This loan is for \$ 240 million, was opened in Kazakhstan, 213 utilized million dollars, 131 million dollars has been paid back and And \$ 152 million has been postponed. Turkey with deferred payment Kazakhstan signed the loan amount is increased to \$ 392 million (Carikci, 2002: 41).

Turkey as well as other Turkish Republics (Kyrgyzstan, Azerbaijan, Turkmenistan, and Uzbekistan) and Kazakhstan export and investment between contracting activities and projects undertaken in the early years (1993 Eximbank loans in the period) showed a significant increase. However, this positive process rapidly reversed with the decrease of credit support returned to Western and Far Eastern companies to compete with in terms of financial assurance small and medium-sized firms in the market have no chance to slowly have begun to recede. Turkish firms Kazakhstan market started to withdraw, exports and imports between two countries adversely affected.

3. Turkey's exports to and imports from Kazakhstan

Development of a country, that country's internal economic, social and institutional structure of the Although closely related to the international trade in relations of the country There is of great importance for the development of (Seyidoğlu, 2001:598). Past periods, some economists, foreign trade in the country vacant resources Note that allowing the use of a means of creating a market. In other words, a less developed countries foreign markets agricultural Evaluation of the raw materials used in products and in the country more than terms are required. Thus, opening up foreign markets in the country still initiate development in an economy is one of the factors (Seyidoğlu, 2001:600). However, as noted by the famous economist Nurfise, international trade, in terms of the said countries, a kind of "growth engine" played a role (Nurfise, 1970:163).

All this to us, whichever is the development strategies employed, the without the development of the less developed a country's contribution to international trade unthinkable. Especially in today's economic globalization, such as excessive in a world where countries reached heights not staying out of it, globalization the benefits of using the best possible way to speed up their development are required. In this respect, commercial competition in an economic system adopted in contemporary societies in Turkey and in the world outside of Kazakhstan What is the share of trade?

Turkey has a share of the world's foreign trade is very small. Until 1983 their relative share in world trade remained below 40 per thousand in Turkey. 1970-1980 period, this share drops below was thirty thousand. After 1984, the development of Turkey's foreign trade volume of the world trade that the development of our country

faster than the volume of world trade increased their relative share in 1987 reached 71 thousand. this year, thousandth of the average of the 1990-1995 period, this rate decreased again Landed, and finally increased to 69 in 1997-1998 to 51 per thousand (Yaman, 2002: 368).

In Kazakhstan, foreign trade more than the first years of the independence of the independent States and Russia were doing. This is because the independence that make up the pre-production and foreign trade structure of the Soviet Union countries to be held in accordance with, and within a short time of this structure does not change (buoyant, 2001). As of 1993, the foreign trade of the country Russia's share of 69.7%, Ukraine 8.1%, Uzbekistan 6.9% at a rate of the share of Kazakhstan's foreign trade, which most countries were. With these countries foreign trade, the total foreign trade with CIS countries 84.7% percent were (TOBB, Kazakhstan 2000: 94).

However, the country's exports in the coming years (1996-2000) CIS share of 53.8% from non-CIS countries fell to 26% from 46% share in% 73.8 risen to. During this period, Russia's exports to Kazakhstan from 42% of the 19.5% decline, while the share of EU countries in 2000,% Has reached 26. During the same period, imports of Kazakhstan's regions and The distribution by country was as follows. % Share of CIS countries 69.5 from 54.6% decline, the share of non-CIS countries by 30.5% from% 45.4 increased to. In 2000, the share of EU imports 20% in Kazakhstan while out, Russia's share of the country's economy to remain around 45% continued dependence on Russia for imports raises (Carikci, 2002:34).

Both Turkey and Kazakhstan's total exports and perform compare with the figures of the world's total foreign trade volume of imports When a very small share of the foreign trade of the two countries in the world that they have observed. However, among these countries carried out their own course of the analysis of the total exports and imports, the world of foreign trade although the volume of shares owned a small country in terms of both seen that there is a satisfactory level.

4. Turkish Investment and entrepreneurs who invest in this country, Kazakhstan Basic Problems Encountered

Apart from petroleum, foreign investments in the country Turkish investments in Kazakhstan in the first place. Entrepreneurs telecommunications, banking, financial leasing, construction and contracting, mass media, education, transport, manufacturing industries, such as oil and almost all areas of the service sector operate (TCAImati Embassy, 2002).

Although it was a shortage of funding in the field of economic relations, Turkish banks have opened branches, joint banks established in the field of energy in many taken in the project, particularly in consumer products, a wide range of range of established production facilities. Between Turkey and Kazakhstan construction sector was the fastest growing area of economic co-operation. 1992-2000 period, a total of contractors in this country by project has been undertaken at the level of \$ 2.5 billion. Turkey contractors a total value of 1.27 billion dollars in the same period have undertaken around the world project, the amount of 9.2% was carried out in this country (Turan and Ozdemir, 2002: 254).

However, analysis of the distribution of projects undertaken over the years 1993 The great acceleration in the use of the Turkish Eximbank loans, (excluding airport project) began to decline rapidly since 1999, between the years 2000-2002 any project. Also outside the major contractors in the country Turkish companies in the SME level their investment is estimated to be around \$ 1.5 billion. Kazakhstan's production of these investments that have been made of various business lines and contributes towards employment. On the subject of Kazakhstan Turkish Businessmen's Association (KATIAD) has made a preliminary study approximately 300 Turkish companies operating in the country as a result of are employed within the stated 12-13 thousand Kazakh citizens.

Kazakhstan Foreign Direct Investment (DMS) of the Law adopted and entered into force on January 1, 1995 to this country DMS has been large increases in the amount of investments. the 1990-2000 period, the amount of these investments reached \$ 8.2 billion, and the country's annual of GDP to 5.6% is (EUI Country Report, 2001). The FDIs in the sector, particularly oil, ferrous and non-ferrous is made of metal. An investment of U.S. \$ 3.2 billion of investments in DMS while in first place, South Korea, the second, England third, Turkey DMS has made this country the investment of nearly \$ 1.5 billion It ranks fourth in (TIKA, 2001: 85).

5. The main problems faced by Turkish firms in Kazakhstan

Main problems faced by firms that have invested in Kazakhstan consist of what is shown in Table 1 in order of priority.

Table 1: Fundamental Problems Encountered

Type of the basic problems encountered in	Ratio (%)
Tax System Complexity and Weight	22.4
Problems customs authorities	18.6
Collectability of receivables	10.3
Undeveloped Banking Services	6,2
Weakness of the Execution and Bankruptcy Law	5,7
Lack of access to services	5,3
Undeveloped Side Industry	
Lack of Maintenance Services in	8,6
Be a multiple of Foreign Exchange Regime	6,4
Inability to communication services	6,5
Other Infrastructure Deficiencies	2,1
TOTAL	100

As can be seen in Table 6, which has invested Kazakhstan 136 30 companies (22.4%) were encountered in the tax system and the weight of confusion seen as the most important problem. So, in order of severity% 18.6 Customs offices at a rate of health problems, 10.3% at a rate of collection of receivables, 8.6% in the country side industry developed at a rate of companies to be in this country at the beginning of the main problems faced means.

Kazakhstan taxation structure, functioning, tax code and inter-regional although there are significant changes in terms of financial relations, it is still there are improvements to be recorded. Complicated tax system and understanding of the power that the investor will give up the investment may result. Because of economic legislation in the eyes of investors is of great importance.

Customs administrations at the beginning of the problems, which is necessary to ensure the continuity of production, raw materials, machinery, equipment, etc., needed to be taken during the customs clearance of the goods the importation of goods which causes great difficulties. These goods are not delivered in time, the sheer number of bureaucratic procedures and the attendant demand for an extra charge non-statutory civil servants as exist.

One of the main problems encountered in the collection of receivables on time or not at all problem. The main reason for this is also the country's bankruptcy law is due to the weakness and mild sanctions applied.

As a result of trade and economic relations between Turkey and Kazakhstan reached the point we look at is below our expectations, but the important part of this success is possible to say that achieve time-point. In this context, this country primarily to evaluate the more realistic possibilities of our country's commitment to affordable quality care has been taken to be met sizes should be considered. In this direction for our country, in every area of our relations with that country which are of great importance to the development of a realistic and concrete foundations, to identify persistent and consistent economic policy has become a necessity

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